

## Message Text

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ACTION EA-09

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E.O. 11652: N/A

TAGS: BEXP, JA

SUBJECT: COMMERCIAL PROGRAM: FOREIGN BUYER PROGRAM

REF: STATE 045849

SUMMARY: POST BELIEVES FOREIGN BUYER PROGRAM A MOST EFFECTIVE TOOL IN PROMOTION OF U.S. EXPORTS. AS MEASURE OF OUR CONFIDENCE IN PROGRAM, APPROXIMATELY 20 PERCENT OF COMMERCIAL RESOURCES ARE DEVOTED TO FBP AND CONSIDERABLE PROMOTION HAS BEEN PLANNED FOR 1977. IF PROGRAM SERIOUSLY CURTAILED, WE BELIEVE U.S. EXPORT GROWTH WOULD NOT MATCH ITS POTENTIAL. PROGRAM SHOULD NOT BE CUT, BUT BE STRENGTHENED PARTICULARLY AT DISTRICT OFFICE LEVEL. END SUMMARY.

1. CONGEN BELIEVES FBP HIGHLY SUCCESSFUL. IN 1976 WE REQUESTED WASHINGTON ASSISTANCE FOR 30 GROUPS TRAVELING TO UNITED STATES. OUR ASSISTANCE RANGED FROM MERELY REQUESTING PRE-REGISTRATION AT U.S. TRADE SHOWS TO INITIATING ENTIRE IDEA FOR BUYING TRIP. OF THE 30 GROUPS, 8 SAY THEY WOULD NOT HAVE GONE WERE IT NOT FOR FBP. WHILE SALES ESTIMATES ARE DIFFICULT TO OBTAIN, PARTIAL RESULTS FROM 4 OF THESE 8 TOTAL OVER USDOLS 5 MILLION IN EXPECTED U.S. EXPORT SALES. IN ADDITION TO THE 8 GROUPS WHICH WOULD NOT HAVE GONE TO U.S. WITHOUT FBP HELP, 5 OTHER

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GROUPS WERE ENCOURAGED TO TURN PLEASURE TRIPS INTO BUSINESS; TO EXTEND ITINERARIES FROM WEST COAST TO OTHER PARTS OF U.S.; OR TO MEET WITH BUSINESS PROSPECTS WHICH THEY SAY THEY COULD NEVER HAVE MET WITHOUT FOREIGN BUYER PROGRAM. IN EACH OF THESE 13 CASES FBP CAN TAKE CREDIT FOR ANY EXPORT EARNINGS - THEY SIMPLY WOULD NOT HAVE OCCURRED WITHOUT FBP.

2. WE FIND MORE PHILOSOPHICAL REASONS ALSO FOR CONTINUING FOREIGN BUYER PROGRAM. OUR EFFORTS TO INCREASE U.S. EXPORTS TO JAPAN HAVE CENTERED AROUND A FEW IDEAS. THESE INCLUDE: (1) ENCOURAGING JAPANESE BUSINESSMEN TO BECOME "IMPORT MINDED"; (2) MAKING JAPANESE BUSINESSMEN AWARE OF PRODUCTS AVAILABLE IN THE U.S.; (3) WORKING TOWARD LOWERING PRICES OF U.S. PRODUCTS TO JAPANESE END-USERS; AND (4) ENCOURAGING AMERICAN BUSINESSMEN TO ACTIVELY EXPORT TO JAPAN. THE FOREIGN BUYER PROGRAM SUPPORTS ALL OF THESE EFFORTS.

IT ADVERTISES THAT A "BUYING" TRIP IS POSSIBLE AND PROFITABLE. A JAPANESE BUSINESS TRIP IS NORMALLY TOUTED AS AN INSPECTION OR OBSERVATION TOUR, WHICH GENERALLY MEANS A MARKETING OR "LOOKING FOR IDEAS TO IMITATE" TRIP. THE CONCEPT OF A BUYING TRIP IS STILL NEW TO MOST JAPANESE BUSINESSMEN.

- IT ALLOWS BUSINESSMEN TO CHOOSE FROM A LARGE NUMBER OF AMERICAN PRODUCTS AT TRADE FAIRS. IN PAST, SMALL BUSINESSMEN WERE LIMITED IN THEIR SEARCH FOR FOREIGN PRODUCTS TO THOSE CARRIED BY TRADING COMPANIES.
- IT LETS JAPANESE BUSINESSMEN LEARN AMERICAN PRICES AND CONSEQUENTLY THE AMOUNT OF MARGIN CHARGED ON FOREIGN PRODUCTS SOLD IN JAPAN. THIS CAN ONLY HELP TO LOWER PRICE AND INCREASE COMPETITIVENESS OF U.S. PRODUCTS.
- IT ALSO LETS THEM LEARN ABOUT THE AMERICAN DISTRIBUTION SYSTEM. THIS ALSO CONTRIBUTES TO LOWER FINAL PRICE IN JAPAN.
- BY HAVING JAPANESE BUSINESSMEN EXPRESS INTEREST IN

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THEIR PRODUCTS AT TRADE SHOWS, AMERICAN BUSINESSMEN ARE ENCOURAGED TO GET INTO THE EXPORT BUSINESS.

- AND AN ADDITIONAL ADVANTAGE OF FBP: ONCE A BUSINESSMAN DECIDES TO EXPEND THE AMOUNT OF MONEY NECESSARY TO GO TO THE UNITED STATES, HE WANTS TO FIND SOMETHING TO MAKE HIS VISIT PROFITABLE. WHILE THIS SEEMS SIMPLE, WE FIND IT STRONG MOTIVATION TO A POTENTIAL IMPORTER.

3. AS MEASURE OF CONFIDENCE IN FBP, CONGEN HAS BEEN INCREASING PROMOTION OF PROGRAM - PLANNING A TRAVEL SEMINAR WITH USTS FOR SPRING, PRINTING A HANDOUT TO GO IN EACH B-1 VISA, AND SCHEDULING TRAVEL TO DIFFERENT PARTS OF OUR DISTRICT TO INFORM POTENTIAL ORGANIZERS OF PROGRAM. FBP FILM, "MARKETPLACE USA", WAS RECENTLY TRANSLATED INTO JAPANESE AND WE ARE SCHEDULING REGULAR SHOWINGS. WE DEVOTE ROUGHLY 20 PERCENT OF COMMERCIAL RESOURCES TO FBP.

4. IF FBP SIGNIFICANTLY REDUCED, CONGEN COMMERCIAL

PROGRAM WOULD SUFFER. CUT IN PRE-VISIT PLANNING OR IN FACILITATIVE ASSISTANCE ONCE GROUPS OR INDIVIDUALS ARE IN U.S. WOULD BE PARTICULARLY DAMAGING. WITHOUT THIS SUPPORT FROM FBP STAFF AND DISTRICT OFFICES, WE COULD NO LONGER RECOMMEND THAT INDIVIDUAL BUSINESSMEN WITH LITTLE OR NO FOREIGN TRADING EXPERIENCE GO TO U.S. AND WE WOULD LOSE OUR LEVERAGE IN PERSUADING ORGANIZERS AND TRAVEL AGENTS TO SPONSOR "BUYING MISSIONS". IN SHORT, IF PRE-VISIT PLANNING AND FACILITATIVE ASSISTANCE ARE REDUCED POST COULD NOT CARRY OUT FBP AND PERHAPS OUR MOST EFFECTIVE TOOL IN MEETING GOALS STATED PARA 2 WOULD BE ELIMINATED.

5. AT RECENT REGIONAL CONFERENCE OF EA COMMERCIAL OFFICERS, CONSENSUS WAS THAT FBP IS BEST PROGRAM WE HAVE. RATHER THAN REDUCE ITS BUDGET, WE WOULD LIKE TO SEE IT INCREASED SO AS TO ACCOMMODATE MORE BUYERS FROM OSAKA.  
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WE ALSO STRONGLY RECOMMEND THAT WITHIN DISTRICT OFFICE SYSTEM ADDITIONAL KEY OFFICES HAVE A TRADE SPECIALIST WHO WOULD BE FREE TO ASSIST FBP GROUPS AND INDIVIDUAL BUYERS, SUCH AS HAS BEEN DONE SUCCESSFULLY IN SAN FRANCISCO FOR PAST THREE YEARS.

6. CONGEN INTENDS TO GO AHEAD WITH SCHEDULED PROMOTION, WITH ASSUMPTION THAT FBP STAFF CAN MAINTAIN PRESENT LEVEL OF SUPPORT UNTIL AT LEAST OCTOBER 1, 1977 AND WITH LEVEL IN FY 78.  
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